

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

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|-----------------------|-------------------------------------|------------|---------------------------------|
| ADMINISTRATIVE MATTER | <input type="checkbox"/> | DATE | <u>December 19, 2018</u> |
| MOTOR CARRIER MATTER | <input type="checkbox"/> | DOCKET NO. | <u>2018-389-E</u> |
| UTILITIES MATTER | <input checked="" type="checkbox"/> | ORDER NO. | <u>2018-830</u> |

THIS DIRECTIVE SHALL SERVE AS THE COMMISSION'S ORDER ON THIS ISSUE.

SUBJECT:

[DOCKET NO. 2018-389-E](#) - Joint Application of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval to Transfer Certain Intercompany Assets and for Related Accounting Authority and Request for Expedited Review - Staff Presents for Commission Consideration Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Application for Approval to Transfer Certain Intercompany Assets, and for Related Accounting Authority, on an Expedited Basis.

COMMISSION ACTION:

Duke Carolinas and Duke Progress seek approval of an intercompany transaction between DEC and DEP for rotatable fleet spare components in anticipation of scheduled maintenance during a major outage. The utilities state that coordinating and optimizing the management of their respective rotatable fleet spare inventories may create cost savings by allowing them to transfer the parts between them at fair market value. Specifically, the utilities propose an inventory-to-inventory transfer at the fair market value of \$13,733,807 from DEP to DEC.

The utilities assert that this request would benefit the transferring utility by allowing efficient deployment of assets without penalizing the purchasing utility by requiring the transfer of used components to occur at the materially higher net book value, which in this case is \$18,786,288. DEP would be able to transfer the assets for which it has no immediate need, and DEC would be able to obtain assets it needs at a fair value. This increased coordination of inventory would result in the combined rotatable fleet spare inventory of DEP and DEC being reduced which would result in material costs savings for DEP and DEC and their ratepayers.

In order to account for the difference between the transfer price (i.e., market value) and cost of these assets, the utilities request authority to use Federal Energy Regulatory Commission Uniform System of Accounts account 182.3 (Other Regulatory Asset) and account 254 (Other Regulatory Liability). ORS has reviewed the request and does not oppose the Petition.

The request for relief set forth within the Application would not involve a change to any of the Companies' retail rates or prices at this time or require any change in any Commission rule, regulation, or policy. In addition, the issuance of the requested accounting order would not prejudice the right of any party to address the prudence of these costs in DEC's or DEP's next general rate case proceeding.

The Commission has previously approved similar transfers of RFS assets and the associated accounting treatment.

For these reasons, I move we approve the rotatable fleet spare inventories request along with the requested accounting treatment.

PRESIDING: Randall

SESSION: Regular

TIME: 11:00 a.m.

| | MOTION | YES | NO | OTHER |
|-----------|-------------------------------------|-------------------------------------|--------------------------|-------|
| ELAM | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| ERVIN | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| HAMILTON | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| HOWARD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| RANDALL | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| WHITFIELD | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| WILLIAMS | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

(SEAL)

RECORDED BY: J. Schmieding

